

Comments of Thomas J. Kostosky
Draft 2008 QAP Public Hearing
September 19, 2007
Detroit, Michigan

To the MSHDA Board:

The draft 2008 is a single issue, solitary vision document that does not have the consensus of agreement of the providers of the majority of affordable housing in Michigan and should be thrown out immediately.

Michigan, with it's population of almost 10 million persons, is a State facing many complex issues. The overall decline in the manufacturing sector, including the loss of almost 500,000 manufacturing jobs is certainly among the biggest. The shift from a high paying manufacturing economy to a lower-paying service economy is one that affects every Michigander in one way or the other, either in the decline of home sales prices, the loss of employment or a reduction in take home pay. Thousands of Michiganders have fallen victim to predatory lending practices in the single family home mortgage industry. Everyone here probably knows at least one family who has suffered job loss or foreclosure, through little fault of their own. They invested their in Michigan through their job, sending their kids to Michigan schools, and making what for most people is the biggest investment in their life; buying a home in Michigan.

These are people who worked hard to get a good credit rating, get a job, support their families. And now they need an affordable place to live so they can continue to call Michigan their home.

It's no secret that people who once made over \$25 an hour in manufacturing have had to either do the same job for \$12 an hour, or have had to take a job in the service sector for perhaps even less.

In a meeting held by the Federal Reserve which I recently attended, a representative asked that banks and entrepreneurs : "Don't dis-invest in Michigan." In another meeting held by the Federal Reserve which I also attended, the only sectors of the economy which showed any increase in employment in Michigan were the government, healthcare, and hotel and leisure sectors. All other sectors of the Michigan economy declined.

No, government growth was not in legislators or top executives, but primarily in lower paying jobs like the TSA folks who go through your luggage at the airport, and security guard and correction facility workers.

No, healthcare growth was not in brain surgeons or specialists, but primarily in lower paying jobs like hospital technicians, maintenance staff, and home healthcare workers.

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No, hotel and leisure growth was not in hotel owners or race track owners, but primarily in lower paying jobs like hotel maid service, maintenance, and casino workers.

These folks are not homeless, they do not use supportive services. They just want to live in a nice place they can afford and get their lives together while Michigan goes through this painful transition. They deserve to have the choice to live in new or newly remodeled tax credit housing. Their pride, which has helped them in their successes in life may have kept many out of tax credit housing. But the trend is clear. The employment shift to a service economy is irreversible.

We need to focus on the massive problem of providing affordable housing for the thousands, perhaps tens of thousands of workers in the transitional economy who need our help in being able to afford a place to live.

Please don't "dis-invest" in Michigan. Please throw out this draft 2008 QAP, continue under the existing 2007 QAP, and hold the anticipated funding round in October of this year.

Please remember that while MSHDA may allocate the tax credits, it is almost entirely the private financial market that provides the mortgage loans and buys the tax credits. It's not Federal money, it's not State money. It's private investment money.

Hundreds of millions of dollars of private investment in Michigan from lenders, equity providers, and owners could disappear from the Michigan economy if the existing 2007 QAP is pulled and the October funding round anticipated by the financial markets does not occur as planned.

Throw out the draft 2008 QAP, consider it an instrument to focus discussion, and keep the current 2007 QAP in place.

Tom Kostosky